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THIRD FIVE YEAR PLAN

SUMMARY OF DRAFT OUTLINE

THE PUBLICATIONS DIVISION

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THE PUBLICATIONS DIVISION
MINISTRY OF INFORMATION AND BROADCASTING
GOVERNMENT OF INDIA, DELHI-6

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INTRODUCTION

The Draft Outline of the Third Plan has been drawn up on the basis of the reports of panels and working groups set up by the Planning Commission, the Central Ministries and the States. It takes into account the suggestions made by a number of organisations in the country. The broad framework of the Plan was considered by the National Development Council and its major features were reviewed by the Cabinet.

The Outline keeps in view both the basic social and economic objectives and the perspective of growth over the next 15 years. It takes into consideration the present needs of the national economy and the progress achieved since independence.

The Draft Outline is intended to serve as a basis for consideration, by Parliament, State legislatures and the public, of the objectives and priorities of the Third Plan and the targets to be achieved, and to give an indication of the magnitude of national effort needed in the coming years. It is also intended to assist the Central Ministries and State Governments and various organisations in the country in working out their detailed proposals for the final Third Plan. The estimates in the Outline are tentative and will be reviewed in the light of further discussions and comments.

The summary in the following pages gives the salient features of the Draft Outline for general information.

I. SOCIAL AND ECONOMIC GROWTH: APPROACH AND PERSPECTIVE

Social Objectives of Planning

The objectives of planned development in India are to increase production and attain higher levels of living, and to secure a social and economic order based on the values of freedom and democracy.

In December 1954, Parliament declared that the broad aim of economic policy should be to achieve a "Socialist Pattern of Society". Such a society is to be based on increased production, achieved through the use of modern science and technology, and an equitable distribution of income and wealth.

The public sector has a leading role to play in the development of the economy, and is expected to grow both in absolute terms and in relation to the organised private sector. But the socialist pattern of society as envisaged in India's Plans does not belittle private initiative. Indeed it assigns to private enterprise an important role in national development, within the broad discipline implied in the economic and social objectives of the Plans.

The socialist pattern places special emphasis on the needs of the small producers and envisages a rapidly growing co-operative sector, particularly in agriculture, medium and small-scale industry, trade and distribution and many fields of social services. Co-operative organisations are vital both for social stability and economic growth.

Factors in Long-term Development

For a nation like ours the process of economic growth involves a long and sustained effort. The First and Second Plans were conceived as the first phase in the long-term social and economic development of the country.

The realisation of the targets visualised for the next 15—20 years will depend on (i) the rate at which the population

grows, and (*ii*) the scale, pattern and intensity of the effort to be made in each of the next three plan periods.

Pattern and Priorities

The principal economic objective of long-term development is to secure a progressive rise in the level of *per capita* consumption. This can be achieved only through a large and continuous increase in production. Development must, therefore, be so planned and organised that the economy expands rapidly and becomes increasingly independent of outside aid.

The conditions essential for achieving this are:

(1) The rate of investment in relation to national income should be stepped up progressively.

(2) Basic and heavy industries should be established on a large scale.

(3) Agriculture should be developed. This is the key to the rapid economic development of the country.

(4) Effective and speedy means should be devised to raise the level of national productivity as a whole. This depends on raising the levels of education, health, skills, scientific and technological knowledge and research.

PROGRESS UNDER THE FIRST TWO PLANS

The First Plan sought to strengthen the economy at the base by improving agriculture, developing power resources and transport. It enunciated the basic social and economic policies for development according to the Directive Principles of State Policy laid down in the Constitution. The community development movement and programmes of land reform were among the significant steps initiated during the First Plan period.

The Second Plan aimed at a larger increase in production, investment and employment. It laid particular stress on building up basic industries and reorganising the rural economy through agrarian reform, community development and co-operation. It also placed emphasis on reducing disparities

in income and wealth and preventing the concentration of economic power.

Outlay and Investment

The total investment in the economy during the first two Plans will be a little over Rs. 10,000 crores. Outlay in the public sector will amount to about Rs. 6,560 crores.

National Income

During the First Plan, owing largely to the progress recorded in agriculture, national income increased by 18 per cent. Over the Second Plan period the increase is expected to be 20 per cent. In the 10 years 1951—61, the national income (at constant prices) will have increased by about 42 per cent, *per capita* income by about 20 per cent and *per capita* consumption by about 16 per cent.

Agriculture

In the decade 1950-51 to 1960-61, a wide range of agricultural programmes were implemented. Over the years the estimated increase in agricultural production is about 40 per cent. The total irrigated area will increase from 51.5 million acres to 70 million acres, and the consumption of nitrogenous fertilisers more than six times, from 55,000 tons (in terms of nitrogen) to 360,000 tons. Among other agricultural programmes in which progress has been made are reclamation of waste-land, extension of green manuring and soil conservation, the setting up of improved seed farms and development of fruit cultivation, forests and livestock.

Industries and Minerals

Among the noteworthy features of industrial development during the past decade is the progress made in basic capital and producer goods industries, especially machinery and engineering industries. On the completion of the three steel plants in the public sector, the total finished steel capacity will increase from 1 million tons at the beginning of the First Plan to 4.5 million tons. The production of essential industrial materials like cement, coal, aluminium, etc., as well

as consumer goods such as cotton textiles, sugar, bicycles, automobiles, etc., has increased considerably. The country is now producing steadily increasing quantities of machine tools, agricultural machinery and machinery for cotton textile, jute, cement, tea, sugar and vegetable oil industries. By the end of the Second Plan, much of the equipment required by the Railways will be available from indigenous production.

Chemical industries, including heavy chemicals, drugs and pharmaceuticals, fertilisers, etc., have also recorded appreciable progress. A beginning has been made in the production of heavy electrical equipment. The manufacture of a number of new products has been established in the country for the first time, *e.g.*, industrial boilers, milling machines and other machine tools, sulpha and antibiotic drugs, newsprint, etc. The overall industrial production is expected to increase by about 120 per cent between 1950-51 and 1960-61.

In the field of village and small-scale industries, for the promotion of which several measures were initiated in the First and Second Plans, remarkable increases have been recorded in the production of handloom cloth and in a number of other small-scale industries.

Power

The installed generating capacity is estimated to increase 2½ times, from 2.3 million kW in 1950-51 to 5.8 million kW, by the end of 1960-61. The number of electrified towns and villages is expected to go up over five times, from 3,687 to 19,000.

Transport and Communications

The total freight traffic on the railways is expected to increase from 91 million tons in 1950-51 to 162 million tons at the end of the Second Plan. About 1,200 miles of new railway lines are likely to be added, 1,300 miles of railway track doubled and 880 miles electrified by 1960-61. There has also been an appreciable progress in road development; the mileage of surfaced roads increasing from 97,500 to 144,000 between 1950-51 and 1960-61.

The number of post offices is likely to rise from 36,000 in 1950-51 to 75,000 in 1960-61 and of telegraph offices from 3,600 to 6,300. Notable advances have also been made in the development of telephone industry, meteorology, overseas communication services and broadcasting.

Social Services

Facilities for general and technical education, health and social welfare have been increased substantially during the period.

Prices and Employment

During the decade, prices of foodgrains and agricultural raw materials as well as of several industrial commodities have tended to rise.

The Second Plan envisaged the creation of an additional 8 million jobs outside agriculture. The achievement of the Plan period is at present estimated at about 6.5 millions.

Approach to the Third Plan

Aims

The Third Five Year Plan has been formulated, taking into account the experience of the first two Plans and the considerations outlined earlier. Its aims are:

(i) to secure during the Third Plan period a rise in national income of over 5 per cent per annum, the pattern of investment being designed also to sustain this rate of growth during subsequent plan periods;

(ii) to achieve self-sufficiency in foodgrains, and increase agricultural production to meet the requirements of industry and exports;

(iii) to expand basic industries like steel, fuel and power and establish machine-building capacity, so that the requirements of further industrialisation can be met within a period of 10 years or so mainly from the country's own resources;

(*iv*) to utilise to the fullest extent possible the manpower resources of the country and to ensure a substantial expansion in employment opportunities; and

(*v*) to bring about a reduction of inequalities in income and wealth and a more even distribution of economic power.

Self-sustaining Growth

The Third Plan represents an important phase in the development of the country's economy. A principal aim of the Plan is to secure a marked advance towards self-sustaining growth. Basically, this implies that savings and investment in the economy rise sufficiently to secure a high rate of growth of income on a continuing basis. Self-sustaining growth can only be achieved by a balanced development both in agriculture and industry.

Reduction in Inequalities

One aspect of reducing disparities in income and wealth is to create conditions under which rapid growth can be achieved alongside a marked reduction in economic and social inequalities.

A number of ameliorative measures such as security of tenure, ceilings on land holdings and programmes for backward classes have already been taken. The effect of these measures in reducing economic and social disparities has been significant. A greater advance is anticipated during the Third Plan in some of these directions.

Price Policy

In the ordinary course, the progressive step-up in investment, which the Plan envisages, may lead to a certain rise in prices. Therefore, policies need to be adopted to ensure that prices, especially of essential consumer goods, remain relatively stable. The regulation of prices through suitable governmental action, State trading and marketing and

distribution through co-operatives is unavoidable to meet the situation adequately.

Policy and Organisation

Administration

The success of the Third Plan will depend very largely on the efficiency with which it is implemented. The principal objectives to be realised in public administration are:

(1) formulation of policies in precise terms by the Government and ensuring continuity in giving effect to them;

(2) clear assignment of responsibility for implementation with full appreciation of the objectives to be achieved at every level including the Minister, Secretary and Head of Department;

(3) ensuring everyday efficiency with speed and prompt disposal including (*a*) proper training of personnel, (*b*) simplification of procedures, and (*c*) effective supervision of work at each level;

(4) ensuring, in respect of important construction projects, that the best results accrue for the expenditure incurred and there is integrity and economy at all points; and

(5) ensuring right public relations and co-operation from and with the public, including due courtesies and consideration for all citizens.

Success in carrying out programmes of rural development depends mainly on the efficiency and integrity of the administration at the district, block and village levels.

In regard to State undertakings, the general policy has been accepted that the maximum economic returns should be secured from all public enterprises.

Public Co-operation

Since the beginning of the First Plan, great stress has been laid on securing public co-operation in carrying out the programmes of national development. In every sector of

development, there are many ways in which public participation can be enhanced. In particular, voluntary organisations can make a valuable contribution in schemes relating to the needs and welfare of local communities.

Utilisation of Rural Manpower

The major agricultural objectives are to be realised mainly through the participation of millions of peasant families in village production plans and in large-scale programmes of irrigation, soil conservation, etc. The manpower resources available in rural areas should be effectively harnessed for development through the universal adoption of scientific agriculture and the diversification and strengthening of the rural economic structure. Programmes along these lines form part of the Third Plan.

Balanced Regional Growth

It is the accepted policy of the Government to work for a balanced development of different parts of the country and to extend the benefits of development to the comparatively backward regions. A number of measures were taken for this purpose during the Second Plan. The measures will be continued under the Third Plan.

The Third Plan includes two programmes of considerable importance to rural areas from this point of view: (1) Provision of facilities for universal education for the age group 6—11 years; (it is also proposed that the requirements of the population of relatively less developed areas in which new industrial projects may be located should be particularly borne in mind by State Governments when formulating programmes for technical, vocational and secondary education); (2) Provision in all rural areas of certain basic amenities like supply of drinking water, roads linking each village to the nearest main road or railway station and a building for the village school which will also serve as a community centre. During the Plan period, special efforts will be made to secure the dispersal of industries and to promote small and cottage industries in rural areas.

Suitable steps will be taken to ensure that major projects located in backward regions contribute fully to the development of those regions. A scheme also envisages the establishment of "Industrial Development Areas" in the industrially backward region.

Foreign Trade

The main objectives of foreign trade policy during the Third Plan period will continue to be to economise on imports and to reach the highest possible levels of exports. While the gap between import requirements and export earnings cannot be closed immediately, every effort will be made to do so progressively. The aim is to secure a balance of external account within a period of 10 years or so.

Labour Policy

Since Independence, the State has been providing facilities for promoting the amicable settlement of industrial disputes and has assumed powers of intervention to maintain industrial peace. Real progress, however, lies in evolving co-operative arrangements by the employers and employees.

An important development in this regard is the Code of Discipline in Industry which has been in operation since the middle of 1958. The Code applies both to the private and public sectors and has been accepted voluntarily by all the central organisations of employers and workers. Progress has also been made in two directions of major significance, namely, the programme of workers' education and participation of workers in the management of industries.

The labour policy and programmes for the Third Plan are being evolved on the same lines.

Land Reform

In the field of land reform, the main task during the Third Plan will be to complete as early as possible the implementation of policies evolved during the Second Plan and embodied in the legislation which the States have enacted.

II. THE THIRD PLAN IN OUTLINE

Priorities

In the Third Plan the first priority has been given to agriculture, the aim being to achieve self-sufficiency in foodgrains and to meet the requirements of industry and exports.

The second priority has been accorded to industry, power and transport. Development in these fields is vital for lifting the economy to a higher level and for its accelerated growth.

Another set of priorities relates to social services and allied fields of development. These are essential for ensuring a fair balance between economic and social development.

In phasing the outlays the planners have tried to ensure that the output in different branches of the economy and the levels of savings of the community should increase continuously from year to year. Again, there should be no avoidable lags between the creation of assets and their utilisation.

Outlay and Investment

The Plan includes outlays both in the public and private sectors. It envisages a total investment of Rs. 10,200 crores, of which Rs. 6,200 crores will be in the public sector. The figure for public sector investment includes Rs. 200 crores to be transferred for capital formation in the private sector. Including the current outlay, estimated at Rs. 1,050 crores, the total outlay in the public sector will be Rs. 7,250 crores. Investment in the private sector is expected to be Rs. 4,000 crores, exclusive of the transfer from the public sector.

The outlay and investment in the Second and Third Plans are given below:

(Rs. crores)

	public sector			private sector	total investment
	Plan outlay	current outlay	investment		
Second Plan	4,600	950	3,650	3,100	6,750
Third Plan	7,250	1,050	6,200	4,000	10,200

The following table shows the distribution of outlay and investment in the Third Plan:

(Rs. crores)

Group	public sector			private sector investment	total investment
	Plan outlay	current outlay	investment		
1. Agriculture, minor irrigation and community development	1,025	350	675	800	1,475
2. Major and medium irrigation	650	10	640	—	640
3. Power	925	—	925	50	975
4. Village and small industries	250	90	160	275	435
5. Industries and minerals	1,500	—	1,500	1,000	2,500
6. Transport and communications	1,450	—	1,450	200	1,650
7. Social services ..	1,250	600	650	1,075	1,725
8. Inventories	200	—	200	600	800
TOTAL ..	7,250	1,050	6,200	4,000	10,200

Compared to the Second Plan, the Third Plan provides for an increase of about 51 per cent in total investment. The increase in investment and outlay in the public sector is about 70 per cent and 58 per cent, respectively. Investment in the private sector shows an increase of 29 per cent.

Outlay in the Public Sector

The general pattern of investment in the Second Plan is being continued in the Third Plan. In the public sector greater emphasis has been placed on agriculture, industry and power and on certain aspects of social services. The distribution of Plan outlay under major heads in the public sector

in the Second and Third Plans is given in the following table:

	Outlay (Rs. crores)		Percentage	
	Second Plan	Third Plan	Second Plan	Third Plan
1. Agriculture and minor irrigation	320	625	6·9	8·6
2. Community development and co-operation	210	400	4·6	5·5
3. Major and medium irrigation ..	450	650	9·8	9·0
4. Total 1, 2 & 3	980	1,675	21·3	23·1
5. Power	410	925	8·9	12·8
6. Village and small industries ..	180	250	3·9	3·4
7. Industries and minerals	880	1,500	19·1	20·7
8. Transport and communications ..	1,290	1,450	28·1	20·0
9. Total 5, 6, 7 & 8	2,760	4,125	60·0	56·9
10. Social services	860	1,250	18·7	17·2
11. Inventories	—	200	—	2·8
12. Grand Total	4,600	7,250	100	100

Distribution between Centre and States

The table below indicates the tentative distribution of outlay between the Centre and the States:

(Rs. crores)

	Total	Centre	States
1. Agriculture, minor irrigation and community development	1,025	175	850
2. Major amd medium irrigation	650	5	645
3. Power	925	125	800
4. Village and small industries	250	100	150
5. Industries and minerals	1,500	1,470	30
6. Transport and communications	1,450	1,225	225
7. Social services	1,250	300	950
8. Inventories	200	200	—
9. Total	7,250	3,600	3,650

Investment in the Private Sector

Investment in the private sector falls broadly into two parts, namely (*a*) investment relating to the organised sector of industry, mining, electricity and transport, and (*b*) investment which is dispersed extensively over fields like agriculture, village and small industries, rural and urban housing, etc.

The following table sets out the likely levels of investment under major heads in the private sector in the Third Plan period as compared to the initial estimates of the Second Plan and the esitmates of investment as now revised in the light of studies made in the Reserve Bank:

(Rs. crores)

	Second Plan original estimates	Second Plan estimated investment on the revised basis*	Third Plan estimates*
1. Agriculture (including irrigation)	275	675	850
2. Power	40	40	50
3. Transport	85	135	200
4. Village and small industries	100	225	325
5. Large and medium industries and minerals ..	575	700**	1,050**
6. Housing and other construction	925	1,000	1,125
7. Inventories	400	525	600
8. Total	2,400	3,300	4,200

National Income

The targets of development which have been proposed in

*These figures represent aggregate investment in the private sector, including that financed out of resources transferred from the public sector.

**These figures do not include investment by way of modernisation and replacement.

different sectors suggest that, during the Third Plan, the national income should increase by over 5 per cent per annum.

Employment

At the beginning of the Third Plan period, the number of the unemployed is likely to be two millions more than that at the start of the Second Plan. It is estimated that, during the Plan, there will be an addition of 15 millions to the labour force, of which about 5 millions is likely to be in urban areas.

According to the present estimates, during the Third Plan period additional employment for 3.5 millions will be created in agriculture and 10.5 millions outside agriculture. There will also be some reduction in under-employment in agricultural, small industrial and trading sectors.

Phasing of Projects

The Third Plan being relatively large, the correct phasing of projects and of outlay in the coming years is of the greatest importance. A set of broad criteria have been proposed to guide the phasing of projects within each sector.

Balance and Flexibility

In drawing the framework of the Plan, an attempt has been made to provide for a reasonable balance at each vital point within the economy.

The position in regard to the availability of foreign exchange can become clear only over a period. A somewhat flexible approach has, therefore, been adopted in considering projects involving foreign exchange.

Resources for the Plan

The Third Plan aims at raising the level of investment in the economy from about 11 per cent of national income by the end of the Second Plan to about 14 per cent by the end of the Third Plan. The rate of savings will increase from about 8 per cent to 11 per cent, the balance representing the inflow of resources from abroad.

The financial resources proposed for the Third Plan, as compared to those for the Second Plan (on present expectations), are given below:

(Rs. crores)

	Second Plan	Third Plan
1. Balance from revenues on the basis of existing taxation	(—)100	350
2. Contribution of Railways on the existing basis ..	150*	150
3. Surpluses of other public enterprises on the existing basis	**	440
4. Loans from the public	800	850
5. Small savings	380	550
6. Provident funds, betterment levies, steel equalisation fund and miscellaneous capital receipts.	213	510
7. Additional taxation, including measures to increase the surpluses of public enterprises.	1,000	1,650
8. Budgetary receipts corresponding to external assistance	982	2,200
9. Deficit financing	1,175	550
Total	4,600	7,250

The estimates of "surpluses of public enterprises" are only tentative and will be examined in greater detail before the Plan is finalised.

The small savings target is high compared to the collections during the Second Plan. This source has to be developed.

Deficit financing has been taken at Rs. 550 crores for the Third Plan period. However, decisions regarding deficit financing will be taken in the light of the economic situation as it emerges from time to time. A great deal depends on how far production increases, especially in agriculture, and how effectively inflationary trends are held in check.

Taxation

Taxation is an important element in any development plan. The additional taxation proposed for the Third Plan is not an excessive increase in the tax burden and is within limits of practicability. Nevertheless, the target of Rs. 1,650 crores, which is the minimum required, will call for considerable effort on the part of the Central and State Govern-

*Inclusive of increased fares and freights.
**Included in (1) above.

ments to broaden their tax structures. The minimum target of additional taxation in the States will have to be about one-third of the total. Both direct and indirect taxation will have to be increased.

External Resources

It is estimated that the foreign exchange component of the Third Plan will amount to Rs. 1,900 crores. The total requirements of external assistance for the Plan amount to Rs. 2,600 crores broken up as follows:

	(Rs. crores)
(1) To cover the excess of payments over receipts	500
(2) Machinery and equipment for projects in the Plan	1,900
(3) Components, intermediate products, etc., for increasing the production of capital goods within the country.	200
TOTAL ..	2,600

To this total of Rs. 2,600 crores has to be added the value of foodgrains to be received from the USA under P.L. 480 estimated at Rs. 608 crores. Although some supplies are expected to be received during the current year, this entire import may be taken as related to the Third Plan period. On that basis, the total balance of payments deficit for the Third Plan would come to about Rs. 3,200 crores.

III. AGRICULTURE AND THE RURAL ECONOMY

Outlay

The outlay on agriculture in the Plan appears under several heads. Thus, besides the public sector provision of Rs. 625 crores under agriculture and allied heads and Rs. 400 crores for community development and co-operation, the Plan provides for an outlay of Rs. 650 crores on large and medium irrigation projects and an investment of Rs. 240 crores for the production of fertilisers. About a third of the expenditure under the community development programme bears directly on agricultural production. Investment in agriculture in the private sector is estimated at Rs. 800 crores. Further, in making year to year allocations during the Plan, supplementary resources can be provided, if necessary, for specific programmes to achieve the targets of additional production.

Production

The overall agricultural production will be stepped up by 30 to 33 per cent. The targets of production envisaged for some major crops are:

commodity	unit	production in 1958-59	expected production in 1960-61	target of total production 1965-66	percentage increase during 1965-66 over 1960-61
(1)	(2)	(3)	(4)	(5)	(6)
Foodgrains	Million tons	73·5	75·0	100—105	33—40
Oilseeds	Million tons	7·0	7·2	9·2—9·5	28—32
Sugarcane	Million tons	7·2	7·2	9·0—9·2	25—28
Cotton	Million bales	4·7	5·4	7·2	33
Jute	Million bales	5·2	5·5	6·5	18
Coconut	Million nuts	4,455	4,500	5,750	28
Arecanut	Thousand tons	85	93	100	8

(1)	(2)	(3)	(4)	(5)	(6)
Cashewnut	Thousand tons	69	73	150	106
Pepper	Thousand tons	26	29	30	3
Cardamom ..	Thousand tons	N.A.	2·62	2·26	16
Lac	Thousand tons	33	50	62	24
Tobacco	Thousand tons	263	300	325	8
Tea	Million lb.	716	725	850	17
Coffee	Thousand tons	44	45	80	78
Rubber	Thousand tons	25	26·4	45	71
All commodities ..		—	—	—	30—33

In addition, measures will be taken to increase the production of food articles like fruits and vegetables, milk, fish, meat, eggs, etc.

The target proposed for foodgrains would allow for consumption of about 15 oz. of cereals and 3 oz. of pulses *per capita* per day, besides providing for some margin against emergencies. The target of raw cotton is expected to be sufficient to provide for 17.5 yards of cotton textiles per annum *per capita* and, in addition, would allow for some exports.

Programmes for Increasing Agricultural Production

The major programmes which require intensive work are :

(1) irrigation,
(2) soil conservation, dry farming and land reclamation,
(3) fertilisers and manures, and
(4) better ploughs and implements.

The net irrigated area is expected to increase from about 70 million acres at the end of the Second Plan to about 90 million acres at the end of the Third.

In the unirrigated areas, dry farming practices will be extended to 40 million acres, soil conservation measures to an additional total area of 15 million acres, and flood control, drainage and anti-waterlogging measures to 5 million acres.

The consumption of nitrogenous fertilisers will be increased

from about 360,000 tons at the end of the Second Plan to 1 million tons at the end of the Third Plan and of phosphatic fertilisers from about 67,000 tons to about 400,000—500,000 tons. Programmes relating to green manuring and urban composting will benefit additional 50 million acres and 24 million acres respectively.

A detailed development programme will be drawn up for improved agricultural implements. This will include measures for the selection and manufacture of such implements, and training of those engaged in their manufacture.

An intensive effort will also be made to increase agricultural production in selected areas where conditions appear favourable.

Community Development

The community development programme will cover the entire country by October 1963. At the end of the Third Plan, about 2,100 blocks will be in the first stage, about 2,000 in the second stage and over 1,000 blocks will have completed 10 years of developmental activity.

Every community block is intended to be an area of intensive effort in which all development agencies of the Government work together as a team in co-operation with the local leadership represented in panchayats and co-operatives.

The Draft Outline has laid down directions for the reorientation of the community development movement to enable it to make its full contribution to the overall effort during the next few years.

First, it has been stressed that the principal test for the community development movement at present is its practical effectiveness as an agricultural extension agency. The C.D. organisation must, therefore, take all steps necessary for achieving the targets of agricultural production on the basis of the widest possible participation by the local communities.

Secondly, village production plans are essential for mobilising the efforts of local communities. Collaboration between the panchayat and the co-operative is necessary at each stage in the preparation and implementation of the production plan. The main elements of the production programme at the village level are full utilisation of irrigation facilities and undertaking of new minor irrigation schemes, multiplication of improved seeds, supply of fertilisers and programmes of composting and green manuring, and the adoption of improved agricultural implements and practices.

The success of the village production plan depends on (1) timely and efficient organisation of supplies of credit, fertilisers, improved seeds, etc., and (2) assistance given by way of technical advice to villagers.

Thirdly, the block plans have an important role in the preparation of the State Five Year Plan in the fields of agriculture, including minor irrigation, co-operatives, village industries, elementary education, rural amenities and utilisation of man-power resources. The block plan will include all social and economic activities undertaken within the block which call for (*a*) planning initiated locally at the block and village levels, and (*b*) co-ordination with the plans sponsored by the various departments which are implemented within the block.

Fourthly, a number of States have already enacted legislation pertaining to the scheme of development through democratic bodies or "Panchayati Raj". Other States are likely to enact similar legislation before the commencement of the Third Plan. The two institutions which make effective village democracy possible are the village panchayat and the village co-operative. The first step, in any area, therefore, should be to establish a network of institutions needed at the village level.

At the block level, the responsibility for implementing the development programmes will devolve progressively on the Panchayat Samitis working with Panchayats in the villages and Zila Parishads in the districts, subject to guidance and

supervision by Government. Democratic institutions at the district, block and village levels should be viewed as parts of one connected structure of administration.

Finally, in order to assist more adequately the less privileged sections of the village community, the emphasis in the community development movement and the uses to which its resources are to be put should be more and more in the direction of providing for the under-privileged.

Co-operation

The co-operative movement will be intensified along the lines laid down by the National Development Council in November, 1958. The Council has agreed that in organising co-operatives the village community should be taken as the primary unit. It has also indicated that the co-operative movement should be developed so as to bring all rural families within its fold by the end of the Third Plan.

Co-operative Credit

By the end of the Second Plan, the total amount of credit advanced by co-operatives is expected to reach Rs. 190 crores compared to Rs. 49 crores in 1955-56. There will be about 2 lakh primary agricultural societies with a total membership of about 17 millions serving about 33 per cent of the agricultural population and about 25 per cent of the total rural population.

The Working Group on Co-operative Development has envisaged the following targets by the end of the Third Plan:

1. Number of primary village societies (service co-operatives)	2·5 lakhs
2. Membership	4 crores
3. (*a*) coverage of rural population	55 per cent
(*b*) coverage of agricultural population	74 per cent
4. Loans to be issued through co-operatives:	
(*a*) short-term	Rs. 400 crores
(*b*) medium-term (loans outstanding)	Rs. 160 crores
(*c*) long-term (loans outstanding)	Rs. 115 crores
5. Average membership	160
6. Average loan given per member (short & medium-term)	Rs. 120
7. Average share capital per society	Rs. 4,800
8. Statutory and other reserves per society	Rs. 1,600
9. Total deposits to be held by primary village societies ..	Rs. 30 crores

Co-operative Marketing

In the field of co-operative marketing, the main task of the Third Plan will be, firstly, to place the existing marketing societies on a sound basis, linking them effectively with village societies and enlarging their total business and, secondly, to set up marketing societies in areas not provided with co-operative marketing facilities during the Second Plan. It is estimated that about 400 additional marketing societies will be required.

Co-operative Farming

With the growth in population and the need to secure rapid increases in agricultural production, it is essential to intensify efforts to develop co-operative farming and realise the goal indicated in the Second Plan.

Co-operation in farming has to grow out of the success of the general agricultural effort through the community development movement and the progress of co-operation in credit, marketing, distribution, processing, etc. It should be a voluntary mass movement.

Detailed proposals for developing co-operative farming will be set out in the final report on the Plan, keeping in view the proposals of the Working Group on Co-operative Farming and of State Governments as well as other related aspects.

Animal Husbandry, Dairying and Fisheries

Efficient animal husbandry is an integral part of a sound system of agriculture. Programmes for the development of animal husbandry, dairies and fisheries during the Third Plan have been drawn up broadly to serve as a basis for the formulation of detailed schemes by the Central and State Governments. The tentative allocation for these programmes is Rs. 125 crores against an anticipated total outlay of Rs. 52 crores in the Second Plan.

Forests

In regard to forests, the aim is to secure the long-range

development of forest resources and to increase output through better techniques of timber extraction.

With the object of meeting part of the shortage of firewood, during the Plan, village forests will be created, comprising quick-growing species, over an area of 2 million acres. Other important development programmes envisaged are: raising of *sal* and coniferous plantations (50,000 acres), teak plantations (200,000 acres) and miscellaneous plantations especially of fast growing species (450,000 acres).

The target for forest roads is 15,000 miles; these roads will be integrated with the general road programmes in the States.

IV. IRRIGATION AND POWER

Irrigation and Power have been among the most significant fields of development since the beginning of the First Plan. River valley projects like Bhakra-Nangal, Hirakud, D.V.C. and others have a decisive role in raising the levels of economic and social well-being in their respective areas.

IRRIGATION

India has about 450 million acre-feet of river water usable for irrigation. Of this, about 119 million acre-feet (or 26 per cent) will have been utilised by the end of the Second Plan. An additional 41 million acre-feet will be used by the end of the Third Plan, bringing the proportion to 35-36 per cent.

At the beginning of the First Plan, the total area irrigated from all sources was 51.5 million acres, including 22 million acres irrigated from large and medium projects. By the end of the Fifth Plan (1975-76), about 90 million acres is expected to be irrigated from large and medium projects including multi-purpose projects. In formulating the proposals for the Third Plan, this long-range objective has been kept in view.

A total outlay of Rs. 650 crores, including Rs. 45 crores in foreign exchange, has been proposed in the Third Plan under irrigation. To secure the maximum benefits in the shortest time possible, emphasis has been laid on the following categories of schemes:

(*i*) completion of schemes continuing from the Second Plan, including field channels;

(*ii*) drainage and anti-waterlogging schemes; and

(*iii*) medium irrigation projects.

The unfinished portion of work on the major and medium irrigation projects taken up under the First and Second Plans at an estimated cost of Rs. 1,400 crores will require Rs. 620 crores to complete. For these schemes, Rs. 470 crores have

been provided in the Thrid Plan, the balance to be carried to the Fourth Plan. This will create an irrigation potential of about 14 million acres which, added to 3.5 million acres still remaining to be utilised at the end of the Second Plan, gives an aggregate potential of 17.5 million acres.

An outlay of Rs. 100 crores has been proposed for new schemes in the Third Plan and Rs. 80 crores for flood control, drainage, anti-waterlogging and anti-sea erosion—schemes that are specially suited to people's participation.

A number of important steps have been proposed for securing speedy benefits from irrigation projects. The programme of irrigation research is also to be enlarged.

Power

Power development is directly related to industrial development. The total installed capacity in India was 2.3 million kW in 1950-51, 3.4 million kW in 1955-56 and is estimated to be 5.8 million kW in 1960-61.

The Third Plan envisages an outlay of Rs. 975 crores on power (Rs. 925 crores in the public sector and Rs. 50 crores in the private sector). The public sector outlay comprises Rs. 580 crores for hydro and thermal generating schemes, Rs. 51 crores for atomic power, Rs. 24 crores for uranium mining, fabrication and plutonium extraction plant and Rs. 270 crores for transmission, distribution and rural electrification. The foreign exchange component of the power programme is estimated at Rs. 270 crores.

The schemes (including those carried over from the Second Plan) are expected to increase the installed capacity by a total of 6 million kW during the Third Plan and 4.2 million kW in the Fourth or subsequent Plans. The Plan at present provides for the installation of 300,000 kW of nuclear power.

The transmission network will be further extended and 15,000 villages and towns will be electrified in addition to the 12,000 at the end of the Second Plan. This will stimulate the growth of industries.

There are several aspects of power programme which will require continued attention in the Third Plan. These are, investigations of hydro-electric projects, standardisation of equipment, research, load surveys and design and construction.

V. VILLAGE AND SMALL INDUSTRIES

Village and small industries, while requiring limited capital, can provide employment to large numbers and produce a variety of goods for consumption.

Allocations

A total outlay of Rs. 250 crores in the public sector has been provisionally suggested for the development of village and small industries under the Third Plan. Of this, Rs. 107 crores will be for small-scale industries and industrial estates, Rs. 89 crores for khadi, Ambar khadi and village industries, Rs. 36 crores for handlooms and powerlooms and the remaining amount for handicrafts (Rs. 8 crores), sericulture (Rs. 7 crores) and coir (Rs. 3 crores).

This outlay will be in addition to allotments for small industries within the budgets of community development blocks and the funds provided for the rehabilitation of displaced persons, social welfare schemes and the welfare of backward classes. Besides, about Rs. 275 crores are expected to be invested in this sphere by non-government sources.

Employment

The various programmes are expected to provide part-time or fuller employment for about 5 million persons and whole-time employment for 800,000 persons.

Programmes of Development

Handloom and Khadi

Of the total target of 9,300 million yards of cloth for the Third Plan, the target envisaged for handlooms, powerlooms in the handloom sector and khadi is 3,500 million yards.

Village Industries

In the development of village industries, while the work already done will be consolidated, emphasis will be primarily on intensive efforts in selected areas and on the co-ordination

of the programmes for these industries more closely with other schemes of rural development.

A comprehensive programme will be drawn up for the training of crafstmen, provision of credit, technical assistance, common service facilities and supply of improved tools to rural artisans and craftsmen.

Small-scale Industries

The programme of development of small-scale industries in the Third Plan has two main aims: (1) expansion of existing schemes such as extension services, provision of common service facilities, supply of machines on hire-purchase terms, training, economic research and surveys, etc., and (2) emphasis on the development of ancillary and feeder units.

As for industrial estates, priority will be given to the completion of those started but not completed during the Second Plan. About 300 new industrial estates are proposed to be set up. These estates will be of varying sizes and will be located as far as possible in small and medium-sized towns and selected rural areas where the necessary facilities are available.

Handicrafts

In handicrafts, emphasis will be mainly on the improvement of quality and marketability of the products through assistance to artisans in obtaining raw materials, credit facilities, etc.

VI. INDUSTRIES AND MINERALS

Objectives and Priorities

The main aim of the industrial plan for 1961—66 is to lay the foundations for rapid industrialisation over the next 15 years, in order to achieve the long-term objectives in regard to national income and employment. It is thus essential to establish basic capital and producer goods industries, with special emphasis on machine building programmes, and to acquire the related skills, technical know-how and designing capacity.

In the initial years of the Plan, emphasis will be on the completion of schemes already under implementation or at an advanced stage of planning for the indigenous production of machinery and components and of producer goods. Attention will be devoted to the development of production which will reduce the requirements of foreign exchange. For the same reason, no significant expansion will be allowed in industries which depend largely on import of raw materials.

The expansion of industry in the Third Plan will continue to be governed by the Industrial Policy Resolution of April 1956.

Allocations

The overall tentative allocation for industrial and mineral programmes is Rs. 2,500 crores—Rs. 1,500 crores in the public sector and Rs. 1,000 crores in the private sector. The distribution of the investment among different major groups of industries and minerals is as follows:

(*i*) Metallurgical and engineering industries—Rs. 1,200 crores.
(*ii*) Chemical and allied industries—Rs. 650 crores;
(*iii*) Textile industries—Rs. 125 crores;
(*iv*) Food industries—Rs. 75 crores;
(*v*) Minerals—Rs. 405 crores; and
(*vi*) Miscellaneous—Rs. 45 crores.

Public Sector Programmes

The major developments planned in industries, in which the public sector plays a large role, are iron and steel, coal, industrial machinery, mineral oils and petroleum refining, iron ore and other minerals, fertilisers, basic chemicals and intermediates and essential drugs.

Iron and Steel

The requirements of finished steel and pig iron by 1965-66 are estimated at about 7.3 million tons and 1.5 million tons respectively. The aim of the steel programme is, therefore, to reach a target capacity of 10.2 million tons of mild steel ingots and 1.5 million tons of pig iron for sale. Steps are also being taken to produce 200,000 tons of alloy, tool and special steels—130,000 tons in the public sector and 70,000 tons in the private sector. It is however, envisaged that the production of ingot steel in 1965-66 might be 9.5 million tons and of finished steel about 6,9 million tons. The additional capacity and output in this field will be realised almost entirely in the public sector.

The public sector steel plants at Bhilai, Durgapur and Rourkela will be expanded to produce a total of about 5.5 million tons of steel ingots. The Mysore Iron and Steel Works will also be expanded. Provision has been made for the setting up of a fourth steel plant at Bokaro with a capacity of one million ingot tons.

The financial provision in the Draft Outline for these schemes is Rs. 506 crores against an investment requirement estimated at Rs. 571 crores. The proposed outlay is expected to be supplemented by additional funds from the allocations for industrial townships and, if required, upward adjustments may be made in due course, in view of the importance of achieving the target.

Iron Ore

To meet the requirements of iron ore for steel and pig iron production and for export, the target for iron ore has been placed at 32 million tons.

Coal

The demand for coal by the end of the Third Plan is expected to be 97 million tons. Production is, therefore, proposed to be stepped up by 37 million tons over the target of 60 million tons set for the end of the Second Plan. Of the additional 37 million tons, the private sector is expected to raise 16 million tons.

The most important objective of the coal programme in the Plan is to ensure adequate supplies of coking coal and high-grade non-coking coal, the additional requirements of which are estimated at 11 and 10 million tons respectively.

The programme of additional production will require the opening of a number of new mines in virgin areas. This will entail a great deal of effort and capital investment. For the present, a provision of Rs. 138 crores has been made for the coal programme in the public sector. In addition, there is some provision for coal in the allocation of Rs. 200 crores for the Bokaro steel plant and its ancillary facilities.

Integrated Neiveli Lignite Project

During the Third Plan period, the thermal power capacity of the Neiveli lignite project, which is under implementation, is to be increased from 250 to 400 MW; provision for this exists under the 'Power' sector. The mine output is to be increased from 3.5 to 4.8 million tons.

Industrial Machinery

The foundry forge capacity, which is crucial for machinery projects, will be established on a considerable scale in the public sector as follows: grey iron castings 1,35,500 tons; steel castings 73,000 tons and steel forgings 76,700 tons. This capacity will mainly be created in the foundry forge project at Ranchi, the Durgapur mining machinery plant, the Hindustan Machine Tools, the Chittaranjan Locomotive Works and in the three public sector steel plants.

Proposals for machinery and engineering industries during the Third Plan include those for heavy machine-building plant, coal-mining machinery plant, heavy structurals plant,

heavy machine tool factory, doubling of the output of the Hindustan Machine Tool Factory, Bangalore, expansion of the Heavy Electrical Project, Bhopal, two additional heavy electrical projects and schemes for the production of high pressure boilers and precision instruments.

Among the heavy engineering projects are those for the diversification of the Chittaranjan Locomotive Works to enable it to manufacture electric locomotives, the Plate and Vessel Works intended to provide pressure vessels and allied equipment for fertilisers and chemical plants and the structural shop which will produce components of heavy structurals. The Hindustan Shipyard at Visakhapatnam will be expanded and a second shipyard will be constructed at Cochin so that the shipbuilding capacity is raised to 50,000—60,000 DWT by the end of the Third Plan.

Mineral Oil

By the end of the Thrid Plan, the demand for petroleum products is expected to rise to 10 million tons compared to 6.28 million tons in 1959. The production of Oil India Ltd. in Naharkatiya area is expected to be 2.75 million tons of crude oil, which leaves a large deficit in indigenous production and the consequent drain on foreign exchange.

The Third Plan provides Rs. 115 crores for further exploration with a view to establishing additional production.

Petroleum refining in the public sector is also expected to start soon. With the completion of the Nunmati and Barauni refineries, the share of the public sector in the indigenous refining capacity will be 34 per cent of the total.

Fertilisers

The public sector capacity for the production of nitrogenous fertilisers will be expanded to 8 lakh tons in terms of nitrogen. The balance of 2 lakh tons, to reach the Plan target of 10 lakh tons, will be provided by the private sector.

Basic Chemicals, Intermediates and Finished Products

The Plan provides for the setting up of the Basic Chemicals and Intermediates project as a major scheme to manu-

facture 40 organic intermediates with an aggregate output of 25,160 tons and for its expansion in due course by about 10,000 tons. The manufacture of some inorganic chemicals is also envisaged within the project. Among other items, an annual capacity of 30,000 tons of sulphur is expected to be installed.

In the field of essential drugs and surgical instruments, the schemes expected to be implemented include a synthetic drugs project, an antibiotics plant, a phyto-chemicals plant and a surgical instruments plant.

State Government Projects

The programme of industrial projects under State Governments covers the expansion of the Mysore Iron & Steel Works, the Andhra Paper Mills and the Durgapur Coke Ovens which are spill-over schemes from the Second Plan. New projects so far accepted for inclusion in the Third Plan are doubling of Nepa Mills production to 60,000 tons per year, and expansion of Praga Tools. From the allocations for State schemes assistance will be available to State Financial Corporations and for financing "Industrial Development Areas".

Miscellaneous Provisions

A sum of Rs. 20 crores is provided for loans to the Industrial Finance Corporation and the Industrial Credit and Investment Corporation. In addition, lumpsum allocations have been made, among others, for plantation industries, townships for the industrial projects of the Central Government and the activities of the National Industrial Development Corporation.

Private Sector Programmes

The net investment by the private sector in manufacturing industries and coal mining is visualised at Rs. 1,050 crores. This does not include the expenditure likely to be incurred on replacement and modernisation programmes.

Heavy and Light Engineering

The private sector is expected to supplement considerably

the efforts of the public sector in the manufacture of machinery. Targets have been proposed for an extensive range of manufactured items, *e.g.*, agricultural machinery and construction equipment like tractors, diesel engines, road rollers, etc.; locomotives, wagons and passenger coaches; complete plants for the setting-up of new units for the sugar, paper, cement and textile industries and certain chemical industries, boilers and machine tools; transformers, electric cables and wires, etc.; and passenger cars, buses and trucks; sewing-machines, bicycles and electric fans.

Metallurgical Industries

In metallurgical industries, the private sector will expand the production of scrap-based steel billets in electric furnaces and pig iron in low shaft blast furnaces. The target for the production of alloy and tool steels in the private sector is 70,000 tons.

Among non-ferrous metals, several aluminium projects have already been recommended for implementation to reach the target of 82,500 tons by 1965-66. Zinc will also be produced for the first time in India by the middle of the Third Plan.

Fertilisers and Chemicals

Private enterprise is expected to play a larger part, compared to the Second Plan, in the production of nitrogenous fertilisers and will be mainly responsible for further development of phosphatic fertilisers.

Major developments are also envisaged in the organic chemical industry based on supplies of intermediates from the Basic Chemicals and Intermediates plant in the public sector.

Cement

The capacity target for cement has been fixed at 15 million tons by 1965-66, representing an increase of 50 per cent over the level expected to be reached by the end of the Second Plan.

Consumer Goods

In consumer goods industries, the major items for which targets of expansion have been proposed are: cotton textiles in the organised mills (from 5,000 million yards in the Second Plan to 5,800 million yards); rayon and staple fibre industries (from an installed capacity of 140 million lb. by 1962-63 to 215 million lb.); paper and paperboard (from 360,000 tons to 820,000 tons); and sugar (from an annual production of 2.25 million tons in 1960-61 to 3 million tons).

Some of the other important targets of annual production to be reached by 1965-66 are as follows (figures in brackets are the estimated production in 1960-61): sulphuric acid 12.50 lakh tons (4 lakh tons); caustic soda 3.40 lakh tons (1.25 lakh tons); bicycles, excluding small-scale sector, 20 lakhs (10.50 lakhs); sewing machines, excluding small-scale sector, 4.5 lakhs (3 lakhs); and automobiles 1 lakh (53,500).

Growth of Industrial Production

The general index of industrial production is expected to reach the level of 362 (1950-51 = 100) in 1965-66 as compared to 221 estimated for 1960-61 and 139 for the last year of the First Plan.

VII. TRANSPORT AND COMMUNICATIONS

In keeping with the needs of the industrial programme in the Third Plan, the related sector of transport has been given its due place. An allocation of Rs. 1,450 crores has been proposed for programmes relating to transport and communications in the public sector.

Railways

There has been a marked improvement in the transport situation over the past few years. Railways, however, are still under some strain which is likely to continue in the Third Plan period in view of further rapid industrialisation.

The object of the railway programmes is to clear the arrears of replacement and provide additional facilities required to cater for the increased traffic, and to make the railways increasingly self-sufficient in respect of their equipment by developing indigenous sources of supply.

Increased Traffic

The volume of goods traffic is expected to increase from the revised estimate of 162 million tons for 1960-61 to 235 million tons in 1965-66. Traffic in terms of passengers originating was 1,422 millions in 1958-59, showing an increase of 11.5 per cent in the first three years of the Second Plan. Suburban traffic increased by 17.8 per cent and non-suburban traffic by 7.5 per cent over the three years. During the Third Plan, non-suburban traffic is assumed to increase by 3 per cent per annum. In regard to suburban traffic, the object of the Third Plan is to provide the maximum possible frequency of train services during the peak periods.

Allocations

The tentative allocation for the railway development programme is Rs. 890 crores. In addition, Rs. 330 crores is estimated to be available from the Railway Depreciation Reserve Fund for current replacements, making a total outlay of

Rs. 1,220 crores. Foreign exchange required for the programme is Rs. 130 crores, as compared to Rs. 320 crores in the Second Plan. (The reduced figure of foreign exchange is the result of success achieved in developing indigenous sources of supply).

Programmes of Work

The programme for rolling stock provides for the addition of 1,031 locomotives, 4,983 coaching vehicles and 83,169 wagons, and replacement of 614 locomotives, 2,854 coaching vehicles and 26,697 wagons. For this, an allocation of Rs. 482 crores has been proposed. Provision has also been made for the construction of 1,200 miles of new lines during the Plan period at a cost of Rs. 120 crores.

Among other major provisions are Rs. 170 crores for track renewals, Rs. 70 crores for electrification and Rs. 228 crores for line capacity works such as doubling or partial doubling of existing lines, dieselisation, yard remodelling, etc., and bridge works and other structural and electrical works. A sum of Rs. 25 crores will be spent on signalling and safety works, Rs. 50 crores each on (*a*) workshops, plant and machinery, and (*b*) staff quarters and staff welfare, Rs. 15 crores on users' amenities and Rs. 10 crores on road services.

ROADS

Over the period of the first two Plans, the mileage of surfaced roads other than municipal roads is expected to increase by about 50 per cent from 97,500 in 1950-51 to 1,44,000 in 1960-61. The mileage of unsurfaced roads may be well above 2,50,000. This exceeds the targets laid down in the 1943 Nagpur Plan for roads as adjusted in 1948.

A road development programme for 1961—81 formulated recently envisages a total mileage of 2,52,000 surfaced and 4,05,000 unsurfaced roads at the end of the 20-year period.

The Third Plan outlay for road development is Rs. 250 crores, including the amount likely to be available from the Central Road Fund. This will enable the construction of

20,000 miles of surfaced roads, excluding the mileage under the local road development programmes. In formulating programmes, the needs of under-developed and hilly regions will be kept in view.

Road Transport

Roads transport programmes will be carried out mostly in the private sector, but a provision of Rs. 18 crores has been proposed for the expansion of the nationalised road transport services which cater largely for passenger traffic. During the Plan period, about 5,000 vehicles will be added to the fleet of nationalised undertakings. The expansion of commercial road transport will depend largely on the manufacturing capacity of the automobile industry in the country.

SHIPPING

There has been a substantial addition to shipping during the first two Plans. The target of 9 lakh GRT at the end of the Second Plan is likely to be reached.

The Draft proposes a provision of Rs. 55 crores for the shipping programme. In addition, about Rs. 4 crores is likely to be available from the Shipping Development Fund; the contribution from the shipping companies is estimated at Rs. 7 crores. It is expected that, after meeting replacement requirements, about 2 lakh GRT will be added to shipping during the Plan period.

Ports and Harbours

The allotment proposed for major and minor ports in the Third Plan is Rs. 85 crores, including the likely contribution from the Ports' own resources.

The main objective will be to maintain and improve the existing port facilities rather than to increase port capacity. It may be mentioned that, with the completion of projects already under way, the total capacity of major ports will reach 41 million tons in the Third Plan compared to 20 million tons in 1950-51 and the peak of 31 million tons in 1957-58.

Inland Water Transport

The provision for the development of inland water transport is Rs. 6 crores against an estimated expenditure of Rs. 75 lakhs in the Second Plan. The detailed programmes of development will be drawn up having regard to the recommendations of the Inland Water Transport Committee.

Lighthouses

The Plan provides Rs. 6 crores for the Lighthouse Department. Priority will be given to the completion of works already undertaken during the Second Plan. A number of new lighthouses will be established during the Third Plan.

Air Transport

The Third Plan outlay for the development programmes of civil air transport is Rs. 55 crores. Of this, about Rs. 22 to 25 crores will be for works relating to aerodromes. The remaining amount will be available for aircraft requirements, etc., of the Indian Airlines Corporation and Air India International.

Communications

It is expected that, in 1960-61, the number of post offices will be 75,000, telegarph offices 6,300 and telephone connections 4,75,000. These figures show a considerable expansion of communication services during the First and Second Plans.

During the Third Plan, it is proposed to add 20,000 post offices, 2,000 telegraph offices, and about 2,00,000 telephone connections.

The Draft proposes an outlay of Rs. 68 crores for Posts & Telegraphs, which will be in addition to the amounts likely to be available from the Renewals Reserve Fund of the Department.

A provision of Rs. 5 crores is proposed for Overseas Communication Service, Indian Meteorological Department and Wireless Planning and Co-ordination.

Tourism

In view of the foreign exchange which tourism helps to earn, the schemes for developing tourism have a high priority. The Plan provides Rs. 5 crores for this purpose.

Broadcasting

The Plan provision for broadcasting is Rs. 7 crores. The programme of work relates to expansion of medium wave-broadcast service to make the internal coverage more effective, and further improvement of the external services. A television service is also to be set up in Bombay.

The number of community listening sets in rural areas will be 72,000 at the end of the Second Plan. This programme will be carried further in the Third Plan.

VIII. TECHNICAL MANPOWER AND SCIENTIFIC RESEARCH

Training Programmes in the Plan

The assessment of manpower requirements and the training of technical personnel are among the basic conditions for economic development.

Engineering Personnel

It is estimated that a total of 45,500 degree-holders and 80,100 diploma-holders in the different categories of engineering will be required in the Third Plan period. These requirements will generally be met from the technical institutions already established. Additional training facilities will, however, be provided during the Third Plan period for about 18,000 engineering graduates and 26,000 diploma-holders to meet the demand in the Fourth Plan period.

Training of Craftsmen

The industrial and other programmes included in the Plan will need about 7,50,000 craftsmen in engineering trades and about 3,50,000 in non-engineering trades. In 1961, there will be 152 industrial training centres with training facilities for 42,000, in addition to facilities for displaced persons. During the Third Plan, additional training facilities will be established for 55,000 under the scheme for craftsmen and 14,000 under the national apprenticeship scheme. The number of training institutes will be increased to 250. The total outturn of craftsmen during the Plan will be about 200,000. The requirements of the Railways and the Defence establishments are met from their own programmes.

Other Training Programmes

For small-scale industries, the training-*cum*-production centres already set up by the State Governments will be

reorganised into centres either purely for training or for production. Training centres will also be set up for trades not covered under the scheme for training of craftsmen. The requirements of managerial, supervisory and extension personnel will be met by extending the special training facilities available in the Small Industries Service Institutes and Extension Centres.

Training of Teachers for Technical Institutions

Training colleges will be established to meet the requirements for an estimated 4,800 additional teachers for technical institutions in the Plan period. The teacher-training scheme under which fellowships are offered to selected graduates who are then given further training, and the scheme relating to the training of teachers abroad, introduced under the Second Plan, will be expanded.

For instructors in crafts, the capacity of the existing two central training institutes will be raised from 300 to 650. The capacity of the central training institute for women instructors in crafts will be raised from 32 to 112. Four additional Central training institutes will be established with a total capacity of 1,000.

Scientific Personnel

To meet the growing requirements of the national laboratories for scientists with post-graduate degrees, the percentage of science students in colleges will be raised from the existing 30 to 40 by the end of the Third Plan.

Personnel for Agriculture and Rural Development

The training facilities provided by the end of the Second Plan are expected to meet the requirements of the Third Plan in regard to agricultural and veterinary graduates, technical personnel for dairy development and forests. Facilities are, however, being established to train personnel for the development of fisheries.

In the field of community development, the number of institutions for training women village level workers will

be increased from 37 to 69. Arrangements for training non-official workers will be considerably expanded.

The training programme for different grades of co-operative personnel will be expanded on a large scale during the Third Plan.

Personnel for Education and other Social Services

The percentage of trained primary and middle school teachers is proposed to be raised from 65 in 1960-61 to 80 at the end of the Third Plan, and of secondary school teachers from 68 to 75. Arrangements will be made for providing the necessary training facilities.

For social welfare programmes, large numbers of non-official workers will need to be trained, for which the assistance of voluntary organisations and educational institutions is necessary.

Scientific and Technological Research

The Third Plan allocation for the research schemes of the Ministry of Scientific Research and Cultural Affairs and the Atomic Energy Commission is Rs. 50 crores. This is in addition to the allocations for research made under appropriate heads for specific fields, dealt with by the various Ministries. The allocation, if necessary, will be revised to provide for all essential programmes.

The Ministry has a number of detailed proposals for work during the Plan. Special emphasis will be placed on the expansion of facilities for basic research in the universities and technical institutions.

CSIR

Under the Plan, new institutions are proposed to be added to the existing 23 national laboratories and other scientific research institutions under the Council of Scientific and Industrial Research. Increasing efforts will be made for the practical application of results obtained in the various fields of research.

Atomic Energy

The Atomic Energy Commission is engaged in developing the use of nuclear energy for the production of electrical power, and developing new uses of isotopes in agriculture, industry, biology, medicine, etc. India has the most important deposits of thorium in the world. The aim, therefore, is to base the ultimate nuclear power production in the country on thorium, which will be achieved through a multi-stage nuclear power programme.

A few reactors, namely, "Apsara", the Canada-India reactor, and "Zerlina" have already been set up for different purposes. Work has been started on a prototype power reactor with an electrical output of about 15 MW, and its construction is expected to be completed during the Third Plan period.

The Atomic Energy Establishment and its training programme in nuclear science and technology will be expanded during the Plan.

IX. SOCIAL SERVICES

The value of social services as an incentive and, indeed, a necessary condition for economic advance is well recognised. The total allocation in the public sector under this head in the Third Plan is Rs. 1,250 crores.

Education

The outlay on educational programmes in the Third Plan is Rs. 500 crores, compared to Rs. 273 crores anticipated in the Second Plan. Of this, the allocation for general education is Rs. 370 crores (Rs. 213 crores in the Second Plan) comprising Rs. 180 crores for elementary education, Rs. 90 crores for secondary education, Rs. 75 crores for university education and Rs. 25 crores for other programmes.

In the field of elementary education, facilities will be provided during the Plan period for free and compulsory education for the entire age-group 6—11. Resources will be provided to raise the proportion of girls in this age-group attending school in States where it is markedly lower than the average. For implementing the programme, more than 400,000 additional teachers will be required.

The number of pupils in the age-group 11—14 attending school will be doubled, raising the proportion to 30 per cent of the population in the age-group. The aim is to provide free and compulsory education for the entire group during the Fourth and Fifth Plans.

It has already been decided to model all elementary schools on the basic pattern; a number of model basic schools will be set up in urban areas also. There will be considerably more emphasis on the training of teachers in basic methods. By the end of the Plan, at least 80 per cent of teachers employed will have been trained, short-term courses being provided for the rest. As regards equipment and covered space, these will have to be provided by the community.

At the secondary education stage, the proportion of pupils in the age-group 14—17 will increase from about 12 per cent in 1960-61 to about 15 per cent by the end of the Third Plan. The system of secondary education will be reorganised so as to (*a*) increase facilities for science education, (*b*) improve the existing multi-purpose schools and increase their number, and (*c*) set up new secondary schools as higher secondary institutions and convert the existing schools to this pattern. An important object of the reorganisation is to impart a vocational and practical bias to secondary education.

Programmes for university education include allotments for larger facilities for science teaching, raising the scales of pay of teachers, improvement of laboratories and libraries, post-graduate studies and research, scholarships, loans, etc.

Technical Education

The allocation proposed for technical education is Rs. 130 crores compared to Rs. 60 crores in the Second Plan. The programme of technical education includes the training of technical manpower which has already been mentioned in the preceding chapter.

HEALTH

The tentative provision for the health programme in the Third Plan has been placed at Rs. 300 crores compared to Rs. 225 crores anticipated for the Second Plan. This is distributed under the different heads as follows:

Water supply and sanitation (Rs. 80 crores), primary health units, hospitals and dispensaries (Rs. 50 crores), control of communicable diseases (Rs. 92 crores), education and training (Rs. 38 crores), indigenous systems of medicine (Rs. 8 crores), family planning (Rs. 25 crores), and other schemes (Rs. 7 crores).

The programmes for water supply undertaken in the Second Plan will be continued in the Third Plan.

The number of primary health units will increase from

2,800 at the end of the Second Plan to 5,000. The units will be established in all development blocks with the extension of the community development programme. The tentative target for hospitals and dispensaries is 14,600 and for beds 190,000.

The programmes for the control and eradication of communicable disease like malaria, filaria and tuberculosis will be intensified.

The number of leprosy centres will be doubled to 200 by 1965-66. The Plan also includes schemes for the control of goitre, trachoma and cholera.

In order to develop the public health services, especially health education, the programme includes the establishment of field training and demonstration centres, setting up of health education bureaus and social education units, organisation of health education services, training of specialists, etc.

Training facilities for health personnel, including nurses, midwives and *dais*, will be considerably extended.

Family Planning

The family planning programme is a key programme for the Third and Fourth Plans. In the Third Plan, the main emphasis will be on the following aspects: (1) widespread education to create the necessary social background for a large family planning programme; (2) integration of family planning activities with the normal health services; (3) provision of family planning services, including facilities for sterilisation and distribution of contraceptives; (4) development of training programmes; and (5) utilisation of local voluntary leadership for the campaign.

Housing

The allotment proposed for housing in the Third Plan is Rs. 120 crores which may have to be raised to provide more fully for housing for the poorer sections of the community. The public outlay will be for the following specific programmes: (i) subsidised industrial housing; (ii) low income

group housing; (*iii*) slum clearance and improvement; (*iv*) land acquisition and development; (*v*) village housing; and (*vi*) plantation labour housing.

Besides, houses are constructed by State Governments and several Central Government departments for their personnel. New townships are also coming up around new industrial projects such as the steel plants. Considerable investment in housing is made by the private sector also. Nevertheless, the arrears of housing are increasing and the problem of providing adequate housing will present serious difficulties for many years. A number of suggestions have been made relating to the direction in which housing programmes should be developed during the Third Plan. These will be dealt with more fully in the final report on the Plan.

Welfare Programmes

A large number of development programmes included in the Plan have significance for the welfare of the community as a whole. The Plan contains additional allotments in the interest of particular sections of the society. A sum of Rs. 100 crores has been provided for the welfare of backward classes, including scheduled tribes, scheduled castes and other backward sections.

The Plan provides Rs. 25 crores for social welfare programmes which are implemented by voluntary organisations with assistance of the Central and State Governments. The programmes include the activities of the Central and State Social Welfare Boards, those relating to social and moral hygiene and after-care services, social defence and welfare schemes of the State Governments.

Rehabilitation

The rehabilitation programmes during the Third Plan relate mainly to displaced persons from East Pakistan. A tentative allocation of Rs. 25 crores has been made for meeting the requirements of the rehabilitation programmes and the Dandakaranya Project for the rehabilitation of displaced persons from East Pakistan and the local tribal population.